

01245-3
3/14/89



CIBCR

SERVICE SECTOR INDICATORS

Center for International Business Cycle Research
 Uris Hall, Columbia University, New York, New York 10027 (212) 280-2916

Dr. Geoffrey H. Moore, Director

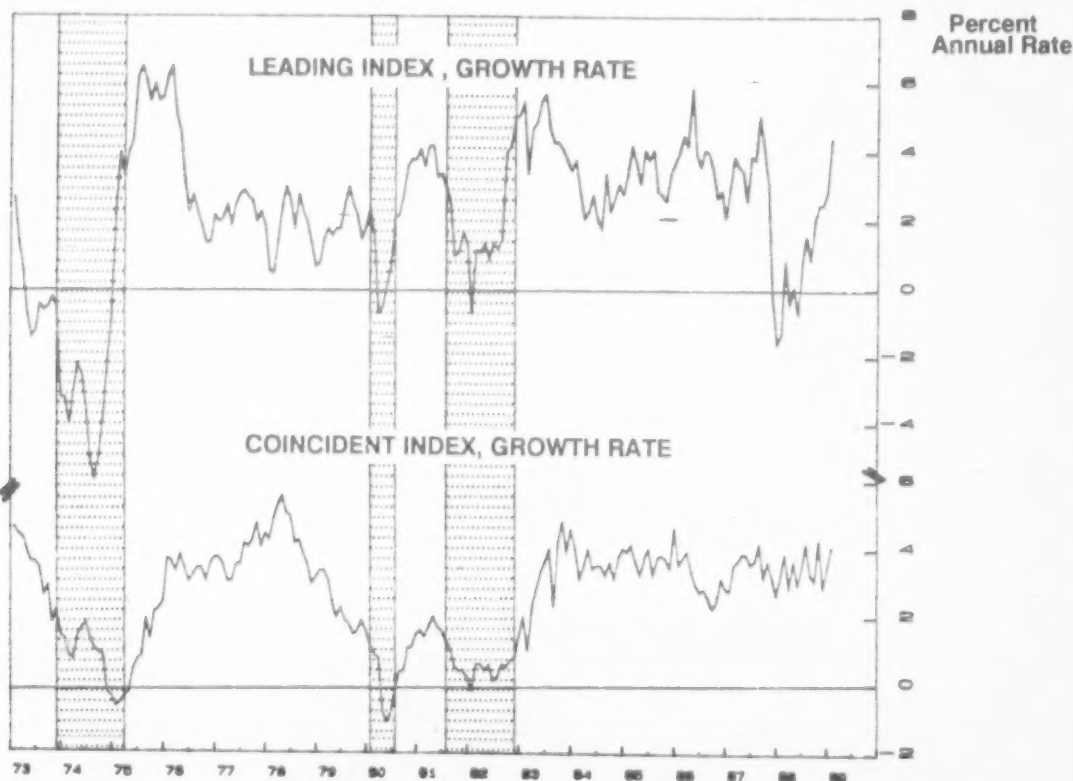
February 1989

BRIGHT OUTLOOK FOR SERVICES GROWTH

The leading index of service sector activity grew at an annual rate of 4.4% in January, up from 2.9% in December; this was its fastest pace of growth in 16 months. The growing strength in the index reflects surging stock prices for services, as well as increases in the average workweek and in contracts for commercial building construction.

The coincident index of service sector activity grew at an annual rate of 4.1% in January, up from 3.5% in December, continuing the steady growth it has shown in the current business cycle expansion. The growth in this index stems from rises in labor income earned and employee hours worked in service industries, which were offset only slightly by a drop in personal consumption expenditures for services.

The continuing growth in the leading index, which usually anticipates upswings and downswings in service activity by 6 to 12 months, augurs well for the health of the economy as a whole.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Index of Profit Margins, Services (1982=100)
	1.	2.	3.	4.	5.	6.
1987:						
July	150.3	3.8	32.93	857	101.1	114.5
Aug.	151.7	5.1	33.06	851	107.7	114.9
Sept.	151.4	4.1	33.00	884	103.4	114.8
Oct.	151.1	3.1	32.97	813	92.1	117.1
Nov.	148.9	-0.2	32.96	779	81.8	112.7
Dec.	148.0	-1.6	32.68	890	79.2	111.6
1988:						
Jan.	148.4	-1.3	32.88	716	82.3	110.7
Feb.	150.2	0.9	32.94	948	86.0	111.6
Mar.	149.3	-0.4	32.70	771	87.5	111.9
Apr.	149.8	0.1	33.01	718	85.3	110.2
May	149.2	-0.7	32.80	716	83.0	110.6
June	150.5	0.8	32.82	782	89.2	111.1
July	151.2	1.6	33.04	771	88.7	110.4
Aug.	150.7	0.9	32.72	820	87.9	111.5
Sept.	151.5	2.0	32.82	771	91.0	111.5
Oct.	151.9	2.5	33.01	663	94.3	110.0
Nov.	152.0	2.5	32.81r	763	91.7	111.5P
Dec.	152.6	2.9	32.85r	773	92.9	---
1989:						
Jan.	154.2	4.4	33.06	795	95.2	---

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982\$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982\$, ann. rate)	Services Labor Income (bil. 1982-84\$, ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1987:						
July	176.7	3.7	1803.5	1245.7	644.640r	104.771
Aug.	177.7r	4.2r	1806.6	1250.7	651.964r	105.332
Sept.	177.4r	3.2	1811.8	1244.5	649.486r	105.391
Oct.	178.4r	3.7	1817.1	1256.6	653.081r	105.786
Nov.	178.5	3.2r	1822.3	1250.2	655.331r	106.077
Dec.	178.5r	2.7	1826.0	1254.1	654.340r	105.794
1988:						
Jan.	179.5	3.3	1829.7	1260.7	658.481r	106.641
Feb.	180.6r	3.9r	1833.4	1268.2	653.334r	107.636
Mar.	180.2r	2.9r	1837.6	1269.0	659.481r	107.032
Apr.	181.4r	3.7r	1841.9	1269.4	669.509r	108.109
May	181.3r	3.0	1846.1	1272.0	666.941r	107.786
June	182.2r	3.5	1851.7	1283.1	668.851r	108.546
July	183.4	4.2r	1857.2	1285.9	675.110r	109.713
Aug.	183.1r	3.3	1862.8	1292.3	671.372r	108.916
Sept.	183.4r	3.1	1867.0r	1288.5	673.805r	109.243
Oct.	185.0r	4.3r	1871.2r	1303.9r	682.201r	110.347
Nov.	184.3r	2.9r	1875.4r	1296.6r	676.861r	109.992r
Dec.	185.3r	3.5r	---	1300.2r	682.065r	110.639r
1989:						
Jan.	186.5	4.1	---	1298.5	689.369	111.831

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months. r = revised. P = preliminary.

Cols. 7, 8 and 11 are revised because of a new seasonal adjustment for Services Labor Income.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.

4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adjusted by CIBCR.

5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.

6. This series is constructed by CIBCR using the price deflator for services consumption, labor income, and an experimental monthly services output index developed by the Federal Reserve Board.

9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.

11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.

12. Bureau of Labor Statistics, all employees.